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CUMONT

*Sub*  
MINES LIMITED

(N.P.L.)

FIFTH  
ANNUAL  
REPORT

FOR THE YEAR  
ENDED DECEMBER 31

1 9 6 9

# CUMONT MINES LIMITED (N.P.L.)

## OFFICERS

J. A. HARQUAIL	-	-	-	-	-	-	President
J. A. BRUSSET	-	-	-	-	-	-	Vice-President
S. WISEBROT	-	-	-	-	-	-	Secretary-Treasurer

## DIRECTORS

W. W. BENNETT	-	-	-	-	-	-	Vancouver
J. J. BROWN	-	-	-	-	-	-	Vancouver
J. A. BRUSSET	-	-	-	-	-	-	Vancouver
J. A. DOWNING	-	-	-	-	-	-	Calgary
J. A. HARQUAIL	-	-	-	-	-	-	Toronto
T. B. READ	-	-	-	-	-	-	Vancouver

## CONSULTANTS

ENGINEERING:							
SURVEYMIN LIMITED	-	-	-	-	-	-	Vancouver
GEOLOGICAL:							
R. H. SERAPHIM, Ph.D., P.Eng	-	-	-	-	-	-	Vancouver

## AUDITORS

McDONALD, CURRIE & CO.

## REGISTRAR AND TRANSFER AGENT

GUARANTY TRUST COMPANY OF CANADA  
624 Howe Street, Vancouver, B.C.

## SHARES LISTED

VANCOUVER STOCK EXCHANGE

## ANNUAL MEETING

Hotel Vancouver, Vancouver, B.C., 11 a.m. (Vancouver Time), Tuesday, June 23, 1970.

Registered Office: Suite 302, 550 Burrard Street, Vancouver 1, British Columbia

Executive Office: Suite 915, 25 Adelaide St. East, Toronto 1, Ontario (Telephone 362-6424)



## REPORT OF THE DIRECTORS

It is a pleasure to review your company's progress during the past year and to forward the financial statements for the year ended December 31, 1969.

Your directors have approved an agreement, dated April 16, 1970, between Cumont and Similkameen Mining Company Limited, a subsidiary of Newmont Mining Corporation, covering properties in the Copper Mountain area of southern British Columbia.

As a result of this agreement, Cumont has acquired from Similkameen all mineral rights, and any accompanying surface rights, on six crown granted claims, all of which adjoin claims now owned by Cumont in this district. Cumont also received an option, valid to April 16, 1975, to purchase from Similkameen certain mineral rights on the Daisy crown grant for \$3,000 plus the cost to Similkameen of acquiring all the remaining mineral rights in this claim.

Cumont, in addition to acquiring about 250 acres of mineral rights, will also receive all available technical information on these seven claims now in the possession of Similkameen or its associated companies. Similkameen will receive \$15,000 from Cumont for the six crown grants, the exclusive five-year option, and the technical information.

Similkameen will receive all mineral rights and any accompanying surface rights over Cumont's Bluebird claim which has an area of 41 acres. It is believed that a plant may be built here by Similkameen to crush ore from the proposed open pit copper mines. Your company's management has also consented to the construction, maintenance and use by Similkameen of an "ore haulage road" across several Cumont claims to the Bluebird claim. Cumont has received the sum of \$25,000 from Similkameen for the Bluebird claim and the right-of-way for the ore haulage road.

Two key provisions of the agreement should be noted. One is that if at some future date the ore haulage road should interfere with a bona fide mining operation of Cumont, the road would be moved to another location at Similkameen's expense after Cumont gave a minimum of 120 days' notice. A second important point is that Cumont may travel this road, and any other road constructed by Similkameen in the area, and use them for exploration and drilling purposes. This is provided such use does not substantially interfere with Similkameen's use of the roads.

Your directors believe that this agreement is in the best interests of Cumont shareholders and provides some obvious benefits to your company:

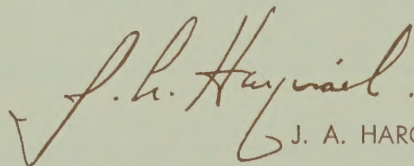
(1) Within 100 feet of the proposed route of the "ore haulage road", a section of the "Oronoco Zone" averaged 0.77% copper in surface sampling over a width of 200 feet. This zone is on a steep slope and has not as yet been tested by drilling. Since the proposed road passes just below this zone, a drill test should prove quite feasible from the new road when it is completed.

(2) One of the more important claims now acquired by Cumont is the Frisco, located between Cumont's No. 14 and Automotic claims. Former owners tested this area many years ago by shafts, adits and surface drilling; several mineralized zones were outlined. Indicated reserves in this zone were 243,000 tons averaging 1.21% copper and 0.04 ounces of gold, or a gross value of about \$15 per ton at today's copper and gold prices. The zone has a potential east-west strike length of at least a half mile and should be an attractive area for further exploration. The entire potential length of this zone is now on property owned by Cumont.

\* \* \*

Your directors believe that additional financing will be required before any substantial exploration can be undertaken on our large property holdings which now total about 5,500 acres. A production announcement by Newmont's subsidiary companies in the area would create favorable conditions for your company to seek additional funds.

On behalf of the Board,



J. A. HARQUAIL,  
President.

Toronto, Ontario,  
June 8, 1970.

# CUMONT MINES LIMITED (N.P.L.)

## BALANCE SHEET AS

### ASSETS

	1969	1968
	\$	\$
<b>CURRENT ASSETS</b>		
Cash .....	27,904	105,741
Accrued interest .....	—	151
Marketable securities — at cost and market .....	—	25,000
Prepaid expenses .....	—	127
	<u>27,904</u>	<u>131,019</u>
<b>MINERAL PROPERTIES</b> — at cost (notes 1, 2 and 3) .....	90,711	90,711

	Cost	Accumulated depreciation		
	\$	\$		
<b>FIXED ASSETS</b>				
Camp buildings .....	4,267	3,206		
Automotive equipment .....	3,079	1,702		
Machinery and equipment .....	2,973	2,183		
	<u>10,319</u>	<u>7,091</u>	3,218	4,584

<b>DEFERRED COSTS</b> (note 2)		
Exploration, development and administration .....	397,085	311,629
Incorporation expenses .....	1,350	1,350
	<u>520,268</u>	<u>539,293</u>

Signed on behalf of the Board:

J. A. HARQUAIL, Director.

J. J. BROWN, Director.





DECEMBER 31, 1969

## LIABILITIES

CURRENT LIABILITIES	1969 \$	1968 \$
Accounts payable .....	1,168	20,193
Due to shareholders .....	—	8,620
	<u>1,168</u>	<u>28,813</u>

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK (note 3)

Authorized —

5,000,000 shares of the par value of 50 cents each

Issued —

1,902,980 shares .....	951,490	945,240
Discount — net .....	432,390	434,760
	<u>519,100</u>	<u>510,480</u>

<u>520,268</u>	<u>539,293</u>
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### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Cumont Mines Limited (N.P.L.) as at December 31, 1969 and the statements of deferred exploration, development and administration costs and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and use of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 25, 1970.

McDONALD, CURRIE & CO.,  
Chartered Accountants.

# CUMONT MINES LIMITED (N.P.L.)

## STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATION COSTS

To December 31, 1969

	1969 \$	1968 \$
BALANCE — BEGINNING OF YEAR .....	311,629	232,864
General .....	904	—
Assaying .....	4,538	478
Assessment work and recording fees .....	1,479	—
Automotive equipment operation .....	246	770
Contract surveying .....	—	2,814
Cookhouse and camp supplies .....	829	619
Consulting and engineering .....	3,277	2,050
Depreciation .....	1,366	1,965
Drilling .....	33,565	14,996
Equipment rental and storage .....	—	233
Field administration fees .....	400	1,200
Repairs and maintenance .....	1,755	—
Geophysical survey .....	2,147	25,428
Insurance .....	67	107
Licences and taxes .....	1,675	1,129
Line cutting .....	—	2,752
Maps and blueprints .....	3,115	2,994
Mineral lease rentals .....	—	313
Prospecting and surface exploration .....	—	2,575
Wages and wage assessments .....	9,804	—
Stripping, trenching and bulldozing .....	3,859	3,000
Travel and accommodation .....	2,976	1,331
Freight — cartage .....	218	—
	<u>72,220</u>	<u>64,754</u>
Administration costs — per schedule .....	13,236	14,011
	<u>85,456</u>	<u>78,765</u>
BALANCE — END OF YEAR .....	<u>397,085</u>	<u>311,629</u>



## STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

For the year ended December 31, 1969

	1969	1968
SOURCE	\$	\$
Capital stock issued .....	8,620	107,725
USE		
Exploration, development and administration expenses .....	85,456	78,765
Less: Items included in costs which are not a use of working capital —		
Depreciation .....	1,366	1,965
	84,090	76,800
Fixed asset additions — net .....	—	1,268
	84,090	78,068
INCREASE (DECREASE) IN WORKING CAPITAL .....	(75,470)	29,657
WORKING CAPITAL — BEGINNING OF YEAR .....	102,206	72,549
WORKING CAPITAL — END OF YEAR .....	26,736	102,206

## SCHEDULE OF ADMINISTRATION EXPENSES

For the year ended December 31, 1969

	1969	1968
	\$	\$
Audit .....	700	650
Bank charges and interest .....	13	22
Consulting and management fees .....	6,400	7,304
Directors' meetings and expense .....	—	897
Dues and subscriptions .....	150	25
Legal fees .....	1,909	820
Miscellaneous .....	66	146
Office administration fees .....	5,200	3,600
Postage .....	50	38
Printing, stationery and office supplies .....	1,160	27
Promotion and advertising .....	—	303
Registrar and transfer agent .....	790	571
Shareholders' information and reports .....	72	1,883
Telephone and telegraph .....	20	286
Travel .....	232	1,135
	16,762	17,707
Less: Interest earned on investments .....	3,280	3,696
Refund of Workmen's Compensation .....	246	—
	3,526	3,696
TOTAL, transferred to deferred costs .....	13,236	14,011

# CUMONT MINES LIMITED (N.P.L.)

## NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 1969

### 1. MINERAL PROPERTIES

The company acquired the Copper Mountain Group of mineral claims and leases located in the Similkameen Mining Division of the Province of British Columbia for cash payments of \$10,711 and 800,000 shares of capital stock of the company having a value ascribed thereto of \$80,000. The company must pay Cominco five percent of the net smelter returns on the ore extracted from specified mineral claims.

### 2. VALUES

The amounts shown for mineral properties and deferred costs represent cost to date and are not intended to reflect present or future values.

### 3. SHARE CAPITAL

The authorized stock of the company was increased to 5,000,000 shares with a nominal or par value of fifty cents each by a resolution of the shareholders as confirmed by a certificate of the registrar of companies for the Province of British Columbia dated May 20, 1969.

During the year 12,500 shares were issued for cash.

(a) Shares issued and their related discounts and premiums are classified as follows:

	Shares issued \$	Par value \$	Discounts \$	Premiums \$	Net \$
For cash —					
To December 31, 1968 .....	1,090,480	545,240	260,330	145,570	430,480
During 1969 .....	12,500	6,250	—	2,370	8,620
	<u>1,102,980</u>	<u>551,490</u>	<u>260,330</u>	<u>147,940</u>	<u>439,100</u>
For properties					
To December 31, 1968 and 1969 .....	800,000	400,000	320,000	—	80,000
	<u>1,902,980</u>	<u>951,490</u>	<u>580,330</u>	<u>147,940</u>	<u>519,100</u>

(b) At December 31, 1968 a directive of the Vancouver Stock Exchange precluded the company from issuing 12,500 shares (\$8,620) to company personnel. Approval was obtained subsequent to that date and the shares were issued during 1969.

(c) On July 3, 1968 the company granted an incentive option of 100,000 shares of capital stock at a price of \$1.50 each to the President of the company. The due date of the option has been extended to June 30, 1970, subject to approval by the Vancouver Stock Exchange.

### 4. SENIOR OFFICERS' REMUNERATION

Remuneration paid to senior officers and directors was \$6,800.



EXECUTIVE OFFICE  
25 Adelaide St. East, Suite 915  
Toronto 1, Canada

REGISTERED OFFICE  
550 Burrard Street, Suite 302  
Vancouver 1, British Columbia

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CUMONT MINES LIMITED (N.P.L.)

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual General Meeting of the Shareholders of Cumont Mines Limited (N.P.L.) (Cumont) will be held at the Board Room, Hotel Vancouver, 900 West Georgia Street, Vancouver, British Columbia, Canada, on Tuesday, 23 June, 1970, at the hour of 11 o'clock in the forenoon (local time) for the following purposes:

1. To receive and consider the report of the directors and the financial statements of the Company and the auditors' report thereon;
2. To elect directors for the ensuing year;
3. To appoint auditors for the ensuing year and authorize the directors to fix their remuneration;
4. To confer general authority on the directors to take or acquire shares in other corporations;
5. To transact such other business as may properly come before the Meeting.

The report of the directors, the financial statements and auditors' report for the fiscal year ended 31 December, 1969, form part of the Annual Report of the Company, a copy of which accompanies this Notice.

Shareholders who are unable to attend the Meeting in person are requested to date and sign the attached form of Proxy and return it to the Guaranty Trust Company of Canada, 624 Howe Street, Vancouver 1, British Columbia.

An Information Circular accompanies this Notice.

DATED at Vancouver, British Columbia, this 1st day of June, 1970.

By Order of the Board,

S. WISEBROT  
Secretary-Treasurer





EXECUTIVE OFFICE  
25 Adelaide St. East, Suite 915  
Toronto 1, Canada

REGISTERED OFFICE  
550 Burrard Street, Suite 302  
Vancouver 1, British Columbia

## CUMONT MINES LIMITED (N.P.L.)

### INFORMATION CIRCULAR

AS AT 1 JUNE, 1970 FOR THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF CUMONT MINES LIMITED (N.P.L.) (THE COMPANY) TO BE HELD ON TUESDAY, 23 JUNE, 1970.

#### SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation by the management of the Company of Proxies to be used at the Annual General Meeting of Shareholders of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting. The cost of solicitation by the management will be borne by the Company.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of Proxy are the President and a Director of the Company. THE SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, either by inserting such person's name in the blank space provided in the form of Proxy or by completing another form of Proxy and, in either case, delivering the completed form of Proxy to the Guaranty Trust Company of Canada, 624 Howe Street, Vancouver 1, British Columbia, before the person named in the form of Proxy purports to vote in regard thereof.

A Shareholder who has given a Proxy may revoke it at any time to the extent that it has not been exercised.

#### EXERCISE OF DISCRETION BY PROXIES

The shares represented by the enclosed form of Proxy will be voted, and where a choice with respect to any matter to be acted upon has been specified in the form of Proxy, the shares will be voted in accordance with the specification so made. SUCH SHARES WILL BE VOTED FOR THE APPROVAL OF ANY MATTER FOR WHICH NO SPECIFICATION HAS BEEN MADE. The enclosed form of Proxy confers discretionary authority upon the persons appointed Proxy thereunder with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. At the time of printing of this Information Circular the management of the Company knows of no such amendments, variation or other matter.





## VOTING SHARES

As of 1 June, 1970 the Company has outstanding as fully paid and non-assessable 1,902,980 Ordinary shares with a nominal or par value of 50¢ per share, each carrying the right to one vote.

To the knowledge of the directors and senior officers of the Company the only persons or companies holding beneficially shares having more than 10% of the voting rights attached to all outstanding shares of the Company is Fort Reliance Minerals Limited who holds 945,479 shares, being approximately 49.7% of the shares outstanding.

Any person or company registered as a shareholder of the Company at the commencement of the Meeting shall be entitled to vote at the Meeting.

## ELECTION OF DIRECTORS

The persons named in the enclosed form of Proxy intend to vote for the election of the following nominees. The management does not contemplate that any of the nominees will be unable to stand for election but, if that should occur, the persons named in the enclosed form of Proxy reserve the right to vote, in their discretion, for another nominee. Each director elected will hold office until the next Annual General Meeting of the Company unless he is earlier removed from office in accordance with the Articles of Association of the Company.

The following table sets out the names of the nominees, all other positions and offices with the Company now held by them, their principal occupations, the period of time for which each has been a director of the Company and the number of shares beneficially owned by each, director or indirectly, as of 1 June, 1970.

<u>Name and Position Held</u>	<u>Principal Occupation or Employment</u>	<u>Appointed a Director of the Company</u>	<u>Shares Beneficially Owned</u>
Winslow W. Bennett Director	Executive - President, Equity Mining Capital Limited, Vancouver, B.C.	29 April, 1969	-
John J. Brown Director	Chartered Accountant, Vancouver, B.C.	1 June, 1965	22,000
John A. Brusset Vice-President and a Director	Consulting Engineer, Vancouver, B.C.	1 June, 1965	41,500





<u>Name and Position Held</u>	<u>Principal Occupation or Employment</u>	<u>Appointed a Director of the Company</u>	<u>Shares Beneficially Owned</u>
John A. Downing Director	Executive - President, Ensign Oils Limited, Calgary, Alberta	2 May, 1967	27,000
James A. Harquail President and a Director	Consulting Mining Engineer, Toronto, Ontario	18 March, 1965	153,800
Thomas B. Read Director	Investment Broker - Chairman, Odlum, Brown & T.B. Read Ltd., Vancouver, B.C.	29 April, 1969	25,000

The above information as to shares beneficially owned and principal occupations is not within the knowledge of the Company and has been furnished by the respective directors.

#### REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Aggregate remuneration paid or payable by the Company for the fiscal year ended 31 December, 1969, to directors in their capacity as senior officers was \$6,800. The sum of \$5,200 was paid during the year for secretarial and accounting services and office facilities to Surveymin Limited, a company in which J. A. Harquail has a substantial interest.

#### AUDITORS

The person named in the enclosed form of Proxy intends to vote for the re-appointment of Messrs. McDonald, Currie & Co., Chartered Accountants, as Auditors of the Company to hold office until the next Annual General Meeting of Shareholders. Messrs. McDonald, Currie & Co. have been auditors of the Company since 18 March, 1966.

#### AUTHORIZATION TO ACQUIRE SHARES IN OTHER COMPANIES

The Companies Act of British Columbia provides that, subject to certain exceptions, no public company may acquire by purchase or otherwise shares in any other corporation unless expressly authorized by an ordinary resolution of the Company. A general meeting of the Company may, by ordinary resolution, confer a general authority to take or acquire shares of other corporations, which authority expires at the next general meeting of the Company. The Company presently has such authority as a result of a resolution passed at the last Annual General Meeting of the Company, and management believes it advisable that the Company continue to have the power to acquire shares of other corporations during the coming year.





OTHER BUSINESS

The management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If other matters properly come before the Meeting, it is the intention of the person named in the Proxy to vote the same in accordance with his best judgment of such matters.

DATED at Vancouver, British Columbia, this 1st day of June, 1970.

